

contract of two or three years, such contract may be extended, subject to the availability of appropriated funding, for one year or two years (up to the four-year maximum). A one-year extension will not reactivate the statutory minimum requirement of two years of service.

(Information collection requirements contained in paragraph (b)(2) were approved by the Office of Management and Budget under control number 0915-0131)

§62.27 What will happen if an individual does not comply with the terms and conditions of participation in the Loan Repayment Program?

Program participants who default on their Loan Repayment Program Contracts will be subject to the applicable monetary payment provisions set forth at section 338E of the Act. Payment of any amount owed under section 338E of the Act shall be made within one year of the date the participant breached his or her Loan Repayment Contract, as determined by the Secretary.

§62.28 Under what circumstances can the service or payment obligation be canceled, waived or suspended?

A service or payment obligation under the Loan Repayment Program will be canceled or may be waived or suspended as provided in §62.12 of this part of the regulations.

§62.29 Under what circumstances can the Loan Repayment Program obligation be discharged in bankruptcy?

Any payment obligation incurred under §62.27 of this subpart may be released by a discharge in bankruptcy under title 11 of the United States Code only if such discharge is granted after the expiration of the five-year period beginning on the first date that payment was required, and only if the bankruptcy court finds that nondischarge of the obligation would be unconscionable.

§62.30 What other regulations and statutes apply?

Other regulations and statutes which apply to this subpart include but are not limited to:

Debt Collection Act of 1982, Pub. L. 97-365 (5 U.S.C. 5514) including Section 4, Requirement that Applicant Furnish Taxpayer Identifying Number;

Fair Credit Reporting Act (15 U.S.C. 1681 *et seq.*);

Privacy Act of 1974 (5 U.S.C. 552a);

Section 215(a) of the Public Health Service Act, as amended (42 U.S.C. 216(a)), for PHS commissioned officers, and 5 U.S.C. 3301 for civil service employees both of which authorize verification of an individual's suitability for employment;

Privacy Act of 1974; Alteration of System of Records, 52 FR 21622-21627, June 8, 1987, regarding the collection, maintenance and allowable use of personal information requested from program applicants.

Subpart C—Grants for State Loan Repayment Programs

AUTHORITY: Sec. 215 of the Public Health Service Act, 58 Stat. 690 as amended, 63 Stat. 35 (42 U.S.C. 216); sec. 338H of the Public Health Service Act, 101 Stat. 999 (42 U.S.C. 254q-1).

WHAT DOES AN INDIVIDUAL HAVE TO DO IN RETURN FOR LOAN REPAYMENTS P otherwse noted.

§62.51 What is the scope and purpose of the State Loan Repayment Program?

The regulations of this subpart apply to the award of grants authorized by section 338H of the Public Health Service Act (42 U.S.C. 254q-1) to support the establishment of State programs similar to the National Health Service Corps Loan Repayment Program authorized by section 338B of the Public Health Service Act (42 U.S.C. 2541-1). The purpose of this program is to improve the delivery of health services in medically underserved areas.

§62.52 Definitions.

In addition to the definitions in §62.2 of this part, the following definitions will apply for purposes of this subpart:

The definitions of *Qualifying loans*, *Commercial loans*, *Government loans*, *Educational expenses*, and *Living expenses* as contained in §62.22 of this part will apply for purposes of this subpart.

Medically underserved area means *health manpower shortage area* or an area which has been designated by a State pursuant to standards described